

PROJECT READ

FINANCIAL STATEMENTS

JUNE 30, 2007

GILBERT & STEWART

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION

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September 6, 2007

To the Board of Directors
Project Read
Provo, UT

We have compiled the accompanying statement of financial position of Project Read (a non-profit organization) as of June 30, 2007, and the related statements of activities and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.



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PROJECT READ
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2007

ASSETS

Current Assets

Cash	\$ 106,520	
Accounts Receivable	28,171	
Total Current Assets		<u>\$ 134,691</u>

Fixed Assets

Accumulated Depreciation	9,939	
Net Fixed Assets	<u>(9,939)</u>	
		<u>-</u>
Total Assets		<u><u>\$ 134,691</u></u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts Payable	\$ 1,050
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Total Liabilities

Net Assets

Unrestricted Net Assets	<u>133,641</u>
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Total Liabilities and Net Assets	<u><u>\$ 134,691</u></u>
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See accompanying notes and accountant's report

PROJECT READ
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDING JUNE 30, 2007

Unrestricted Net Assets

Program Revenues

Contributions and Grants	\$ 169,869	
Interest	4,871	
Other	<u>2,212</u>	
Total Revenues		\$ 176,952

Program Expenses

Salaries and Wages	117,931	
Payroll Taxes and Benefits	7,217	
Facilities	25,000	
Office and Supplies	5,736	
Other	7,730	
Depreciation	<u>1,261</u>	
Total Expenses		<u>164,875</u>

Increase in Unrestricted Net Assets	12,077
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Net Assets - Beginning of Year	<u>121,564</u>
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Net Assets - End of Year	<u><u>\$133,641</u></u>
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PROJECT READ
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING JUNE 30, 2007

Cash Flows from Operating Activities:

Increase in Net Assets	\$ 12,078	
Adjustment to Reconcile Increase in Net Assets to Net Cash Provided by Operating activities:		
Depreciation	1,261	
Increase in Accounts Receivable	(26,412)	
Increase in Accounts Payable	<u>1,050</u>	
Net Cash Provided by Operating Activities		\$ (12,023)

Cash Flows from Investing Activities

-

Cash Flows from Financing Activities

-

Net Increase in Cash and Cash Equivalents

(12,023)

Cash and Cash Equivalents - Beginning of Year

118,543

Cash and Cash Equivalents - End of Year

\$106,520

Supplemental Disclosure

Non-Cash Operations Includes:

Donated Use of Facilities	\$ 25,000
Donated Services of Professional Teachers	60,263
Donated Gift Certificates	576

See accompanying notes and accountant's report

PROJECT READ
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Prior to July 2004, Project Read was known as the Mountainland Literacy Coalition (MLC). The MLC was formed as a 501(c)(3) non-profit organization in 1994 to coordinate literacy services in Utah County. In 2004, the MLC changed its name to Project Read. It also changed its purpose from coordinating literacy services to actually providing literacy services to adults in Utah County.

Contributed Services and Facilities

During the year ended June 30, 2007, the value of contributed services meeting the requirements for recognition in the financial statements was material and has been recorded as compensation in the amount of \$60,263. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services. Provo City contributes space in the library at a value of \$25,000.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment

It is the Organization's policy to capitalize property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over lives of 3 to 5 years.

PROJECT READ
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 – (Continued)

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Contributions

Under SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Cash and Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

NOTE 2 – CONCENTRATIONS AND ECONOMIC DEPENDANCY

Most of the revenue received by Project Read comes from government grants and donations. The programs operated by Project Read depend on continued funding from state and local governments.